

lessly continued by the limited company. The very confidence reposed in the company was to some extent the cause of its later fall, for it invited such large deposits that use had to be found for them at the expense of safety.

The craze for limited companies increased their number in England within a few years by nearly three hundred, with a nominal capital of £504,000,000. Many were abandoned before starting, others went into bankruptcy, and the projectors of some disappeared, leaving no record behind them. The deposits in the London joint stock banks increased from £43,000,000 in 1860 to £91,000,000 in 1864, and the country and private banks probably held on the latter date £20,000,000 more. A large part of these deposits consisted of acceptances, which were confounded indiscriminately with cash and credits.¹ France had entered upon the policy of "financing," under the encouragement of Napoleon III., even in advance of England, and her great *Société de Crédit Mobilier* for several years paid tempting profits and was the model of similar creations across the channel.² But France and the Continent met their crisis in 1864. The rise of prices was arrested in January of that year and the Bank of France, by keeping its discount rate two per cent, below that in London, was obliged to purchase gold, from January to November, to the amount of 221,000,000 francs. Discounts fell off and business for the next six years was kept within conservative limits by the fear of war and the political uncertainties attending the decadence of the Second Empire.³

Deficient crops added their influence in 1862 to high prices for cotton to create a balance of trade adverse to England, but it was not until the close of 1863 that the exchanges became adverse, the metallic reserve, of the Bank of England fell to £13,000,000, and the discount rate was gradually raised, until in December it stood at eight per cent. Bullion began to flow back into the bank, the rate was reduced,

¹ Juglar, 385.

² Levi, 461.

³ Courtois, 255.